

Millions of Feet of Office Space Added to Grand Central Zone

**The 1929 and 1930 Crop of Skyscrapers, Aggregating 469 Stories,
Will Place Additional 5,000,000 Square Feet on Renting
Market—Brokers Take Optimistic View of Situation.**

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A number of pessimistic prophets have been predicting during recent months a demoralized market for office space in the Grand Central district and it must be confessed that the quantity of office space to come on the market for May 1, 1929, occupancy is impressive—particularly in view of the fact that a heavy construction program is also planned for 1930, which will further aggravate the situation before the space in the 1929 "crop" of buildings is fully absorbed. The list of new buildings is as follows:

FOR 1929 OCCUPANCY.

Building and Location.	No. of Stories.	Square Feet Area.
New York Central, 76 East Forty-sixth St.....	34	836,000
Chanin, 122 East Forty-second St.....	56	702,978
Bartholomew, 205 East Forty-second St.....	20	380,000
Lefcourt National, 519 Fifth Avenue.....	40	373,000
10-14 East Fortieth St., 10-14 East Fortieth St.....	44	350,000
144 East Forty-third St., 144 East Forty-third St...	20	150,000
545 Fifth Avenue, 545 Fifth Av.....	13	135,000
400 Madison Avenue., 400 Madison Av.....	22	125,000
	249	3,051,978

FOR 1930 OCCUPANCY.

Building and Location.	No. of Stories.	Square Feet Area.
Lincoln, 60 East Forty-second St.....	53	915,000
Chrysler, 405 Lexington Av.....	68	837,000
Daily News, 216 East Forty-second St.....	35	550,000
New Lefcourt, 295 Madison Av.....	40	325,000
366 Lexington Avenue, 366 Lexington Av.....	24	185,000
	220	2,812,000

A brief consideration of recent history indicates, however, that a panicky attitude toward this situation is decidedly ill-advised.

There was constructed for 1927 occupancy in the Grand Central zone about 2,700,000 square feet of space,

the four most outstanding buildings being the Graybar Building, the French Building, the Bank of the United States Building (then known as the Delmonico Building), and the Salmon Tower.

All sorts of dire disaster was predicted by very much the same calamity howlers who are so busy at the present time—in fact the writer was frequently presented with the fruits of the raspberry bush because of a somewhat optimistic article published under his name in various newspapers at that time. What happened?

The Graybar Building, the French Building and the Delmonico Building were all in good shape by May 1, 1927; that is, they were sufficiently

rented to more than cover their carrying charges, and by May 1, 1928, all but the Salmon Tower were more than 90 per cent rented, and the Salmon Tower was well on its way to a

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successful future. Naturally this was not all accomplished without leaving some scars here and there, but in general the district weathered the storm without any serious ill effects.

Of the two most prominent buildings being constructed for 1929 occupancy, the New York Central Building is now reputed to be 80 per cent rented and the Chanin Building over 40 per cent. In constructing the Bartholomew Building, the Schulte-Tishman-Rheinstein syndicate conceived the idea of erecting a building close to the office centre, sufficiently off the line to be able to rent on a low price basis.

The result has been so successful that the building is now reported to be 60 per cent rented. It seems a little early to talk about the 1930 buildings but it has recently been understood that Walter P. Chrysler, who is making a name for himself in the real estate world almost comparable with his outstanding reputation in the motor industry, has completed a lease with an industrial firm for the sixteenth to twenty-ninth floors of his building.

This will accomplish the renting of about 160,000 square feet of space in the Chrysler Building and means that it is well on its way to success. Another transaction has been practically completed by the Daily News Company for a block of space in their building involving over 100,000 square feet.

There have recently been such very notable accessions from other districts of the city as the Standard Oil Company of New York, West Virginia Pulp and Paper Company, Aluminum Corporation of America, American Can Company, Pan-American Petroleum Company, American Car and Foundry Company and the American Steel Wire and Cable Company, to name only a few.

Several of these large tenants have been lost to the downtown financial section without any suffering whatever on its part, since practically

every building downtown is satisfactorily rented, largely due to the tremendous increase in space required by stock brokerage houses on account of the exceptional expansion in business of the New York Stock Exchange and other exchanges.

It is interesting to consider how one part of the country affects another, for it is doubtless the participation in the Stock Exchange buying of the Western and Middle Western communities that has caused the extraordinary expansion in the last year of Stock Exchange activities, and this in turn has had the considerable effect mentioned above on downtown office space.

The fact that this remote cause has had so considerable an effect on this situation is also indicative of the danger of predicting too far into the future. Most of the Class A buildings in the Grand Central zone that have been properly planned and managed are now well rented. We recently computed the vacancies in the five largest buildings under our management and found that their average vacancy is only 3 per cent. The vacancy for the district as a whole is about 9 per cent, which is considerably better than conditions obtaining in Chicago, Detroit, Cleveland, Philadelphia and Boston at the present time.

To sum up then, we cannot view the extremely heavy construction program which we are now facing without some apprehension, but, on the other hand, the statement of the nineteenth century capitalist who said that any one who sold the United States short was a fool still holds good, and if it can be said of the United States it can be said of New York and New York real estate, for if the country is prosperous New York prospers.

Consequently, it is my belief that although we must prepare for some growing pains within the next couple of years the owners in this vicinity will have sufficient good sense not to become panicky, and the normal growth and prosperity of the country will do the rest.